Synopsis

of the thesis entitled

THE IMPACT OF DECENTRALISATION ON THE PRODUCTIVITY OF SMALL SCALE INDUSTRIES IN KERALA.

to be submitted to the

MAHATMA GANDHI UNIVERSITY, KOTTAYAM

in partial fulfilment of the requirements for

the award of the degree of

DOCTOR OF PHILOSOPHY

in

ECONOMICS

Under the Faculty of Social Sciences

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JANUARY 2012

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1. Introduction

Since independence the Indian national leaders and administrators of the country were very eager to introduce a grass root level development administration system in the country. In order to study the various aspects related to the decentralization of planning and development, the Government at times appointed various committees and directed to suggest appropriate system to be followed in introducing decentralized planning in the country.

Accordingly the committees appointed, at different times, had submitted their reports with suggestions of varying nature. On the basis of the recommendations of this committee and the provisions in the 73rd and 74th Constitution Amendment Act the Government of Kerala on 17th August 1996 introduced Peoples Plan Campaign (Janakeeyasoothranam).

Government decided to set apart 35 to 40% of the plan fund of the state government to the local bodies under the three-tier system during the Ninth plan period. Accordingly guidelines were issued to local bodies for the preparation of projects and plan documents and for the effective implementation of those projects approved.

The decentralised planning altogether changed the structure of the local- Self Government institutions (LSG) in Kerala. Before 1996-97, the annual share of local bodies averaged 20 crores. After 1996-97 the plan fund allotted to local bodies are as follows.

Table 1.1: Plan Fund Allotted to Local Bodies in Kerala

Year	Plan Fund Allotted to Local Bodies in rupees (Crores)
1997-98	1025
1998-99	1178
1999-00	1250
2000-01	1045
2001-02	850
2002-03	945

Source: Budget Annexure of Govt. of Kerala-Various issues.

2. Statement of the Problem

There has been an earnest attempt for the decentralisation of power, functions and finance to the Panchayat raj institutions in Kerala.

The decentralisation of power and funds to local bodies had created mixed responses among the people of Kerala. Here an independent study about decentralised planning in Kerala under the broad outlines of `Peoples' plan campaign' and `Kerala Development Plan' is significant. The success of a plan can be evaluated by its effect on production in various sectors of the economy. The success of a plan can be evaluated on the basis of its effect in attaining the basic objectives of a plan. The decentralised planning in Kerala had given due importance to the productive sector of the economy. According to the guidelines issued by the Kerala State Planning Board, at least 40 per cent of the plan fund under general sector should be set apart for projects, which directly affect production. Since this was one of the basic factors for approval of plan from the District Planning Committees, all local bodies have included 40 per cent of the plan fund in general sector for productive sector projects.

Thus the decentralised planning in Kerala can be evaluated on the basis of its contribution in enhancing agricultural and industrial production. There is no known systematic study about the impact of decentralised planning in the productive sector of Kerala's economy. Hence this study is expected to fill this gap.

3. Objectives

1) To examine the trends in the production and productivity of small scale industrial sector of Kerala in the light of decentralised planning.
2) To examine the administrative reforms in local bodies with respect to quality, efficiency and transparency.
3) To examine peoples' participation in development process and contribution from the beneficiaries.
4) To assess the major development activities carried out in well proved Panchayat Raj institutions.

4. Hypothesis

The study is based on the following hypotheses

1) Small scale industries have a pivotal role in the development of Kerala's economy.
2) With the desire to develop this sector, the programme of decentralisation allocated a major part of the plan fund to this sector.
3) However, this allocation had little or no impact in developing small scale industries.
4) Efforts are essential to revitalise this sector through an alternative approach of development.

5. Scope

Though the study aimed to cover the state of Kerala, the scope is limited to the district of Ernakulam. However, secondary data related to other districts is proposed to be pursued. The period of study shall cover from 1997 to 2007.

6. Methodology

The study is primarily based on secondary and also the primary data. The secondary sources mainly include Economic Review published by Kerala state Planning Board, Economic Survey published by Government of India, Agricultural Statistics published by Bureau of Economics and Statistics, Report on currency and Finance published by Reserve Bank of India, Various reports of state and union governments, Centre for Monitoring the Indian Economy etc.

The research study is to be validated with empirical support. For this purpose primary data is collected. Here data is collected from a sample of 300 entrepreneurs from the list of 1500 entrepreneurs selected on the basis of systematic sampling taking five as the class difference. Ernakulam district is selected for the survey. The reason for the selection of this district is that Ernakulam district occupies features of all geographical regions in Kerala.

The data were collected from entrepreneurs on the basis of predrawn questionnaire. The collected data were regarding the performance of Panchayat office, selection of projects in the industrial area, management of small scale industries, productivity of small scale industries, procurement of raw material, marketing of finished products, network marketing among kudumbasree members, use of technology, service from government departments, mobilisation of capital,

repayment of loan, hike in industrial production etc. The collected details were analysed using appropriate arithmetic and statistical techniques. Performance of small scale industries under Decentralised Planning can be evaluated using the following indices.

a) The new entrepreneurial culture.

b) People's participation in development activities.

c) Standard of living of units conducting small scale industries.

d) Proper monitoring in the implementation of small scale industries.

e) Productivity of small scale industries.

7. Limitations of the Study

Even though the study is based on the impact of decentralisation on the productivity of small scale industries in Kerala with special reference to Ernakulam district, there is limitation in the area covered. The study concentrates on the performance of small scale industries. Here the major development of small scale industries as a part of decentralised planning in Kerala is reflected in the field of Kudumbasree which is a by-product of decentralised planning. Hence the sample units were collected mainly from Kudumbasree units. This will not fully represent small scale industries although it represents a cross section.

The general education level of Kudumbasree members is comparatively less than other entrepreneurs. Hence proper accounting system is not found maintained by them. Hence the quality of the data is not up to the mark. Moreover several entrepreneurs were not willing to give accurate data because they were afraid of tax problems. Generally several units attempted to exaggerate their expenses and reduce their income.

8. Chapter Scheme.

Besides the introductory and concluding chapters, there are five more chapters in the study. In the second chapter historical analysis is made about the evaluation of Panchayati raj institutions in Kerala. The analysis shows that from time immemorial rulers of the country divided the country into different sectors for the sake of administrative purposes. The chapter says that the present form of the Panchayati Raj System is attained through a process of reforms.

The third chapter examines the glaring features of 73rd and 74th amendment of the constitution which is considered as path breaking in the history of decentralisation in India. The powers and responsibilities of various local bodies in the light of Kerala Panchayati Raj Act – 1994 is reviewed. Moreover the functions of the basic framework under which these institutions were functioning such as District Planning Committees and State finance commission were examined.

The fourth chapter is an analysis of the problems of small scale industries in Kerala and the position of small scale industries before the implementation of decentralised planning in Kerala. The impact of decentralised planning in the development of small scale industries with special reference to Kudumbasree is also examined. Moreover the major industry benefitted by the policies and the plan allocation in this area are also analysed.

In chapter 5 an analysis of the functioning of the small scale industries in Ernakulam district is made. From the analysis it can be seen that women empowerment through employment generation and income generation is made as a result of the beginning of small scale industries. Moreover decentralised

planning and its byproduct Kudumbasree have played a vital role in the promotion of small scale industries.

The problems of small scale industries are examined in chapter-6. Several problems retard the progress of small scale industries in Kerala. This will adversely affect the scope of industrialization in Kerala.

9. Major Findings

9.1 Kerala became a model to the country as a whole in decentralisation of power and development administration with people's participation through the Panchayati Raj Institutions. Participation of people from all walks of life was made possible at least in anyone of the different components / stages of decentralised planning and implementation.

9.2 The development of small scale industries in Kerala is not up to the mark. Several reasons are responsible for the small growth of small scale industries in Kerala. The high cost of production, hostile labour relations, and low labour productivity are the major factors that prompted entrepreneurs to relocate their units. Productive labour and a mental infrastructure is a must for the industrial development of the state. The productive sector of Kerala, especially small scale industry, has not shown the real potential in accordance with the allocation of plan fund to these sectors.

9.3 The key sectors in Kerala according to their contribution to the state GDP are: rubber, coir, tourism, food processing, and chemicals & fertilizers. There are nearly 1,274 food processing units in Kerala alone. The processed food units

operate mainly in the small scale sector. Two thirds of Kerala's total export income comes from processed food.

9.4 There is 78 percent increase in the number of small scale industries in Kerala. The investment in 2006 is more than two times the investment in 1997. This increase cannot be treated fully as success since there is increase in interest and decrease in value of money. The employment provided out of small industries in 2006 is 53 per cent higher than that in 1997. One remarkable feature in the increase in the number of small scale industries is that the total number of small scale industries increased by 110 per cent. One reason for this is the due care given to Women's Component Plan which insists that 10 per cent of the plan fund should be set apart for projects which directly support women.

9.5 During the 10^{th} plan there was spectacular growth in the functioning of small scale industries in Ernakulam district. This period also reflects the growth phase of Kudumbasree in Kerala.

9.6 The source of raw material used by the small scale industries is of regional importance in setting up an industry. The majority of small scale industries in Ernakulam district are utilizing locally available raw material for their industry.

9.7 The small scale industries in Kerala after the introduction of decentralised planning gave due consideration for the formation and development of micro enterprises in Kerala. These micro enterprises under the assistance plan fund were organized under the leadership of local self governments. The major area of activity of Kudumbasree SHGs concentrated in animal husbandry. Here

major thrust was for cattle rearing, Goat rearing, Rabbit farming, bee cultivation etc.

9.8 One of the prerequisites for the successful functioning of an industrial unit is an efficient management. These groups are functioning under a common leader. Majority of the leaders are the oldest members of every group.

9.9 Kudumbasree is a huge organization with a network of at least two thousand families in a grama panchayat. If kudumbasree families consume 50 per cent of the consumer goods produced by kudumbasree families, a large number of these small scale industries will survive. When such a market is deliberately created, it will create another group of consumers from the general public. But such type of marketing is not going on among kudumbasree units.

9.10 During the earlier phase of decentralised planning, employment generation from small scale industries was comparatively low. One of the major reason for this is that majority of these units were not started during that period. On an average a micro enterprise under the banner of kudumbasree is able to provide employment opportunity for 5 women. Since they are working in their own organization their output is maximum.

9.11 The opportunity cost of the members of self-help groups organizing small scale industries is zero. If there is no such industrial unit, they will not earn any income. In the case of a small family, this income is sufficient at least to avoid poverty.

10. Major Recommendations.

In the study a detailed discussion is made regarding the development of small scale industries in Kerala in the light of decentralisation. Here are certain suggestions for making the system more effective and functional.

10.1 The Panchayats are supposed to be Local Self Governments, but in actual practice they have become an agency of development. The Panchayats have to depend on the govt. officials, who sometimes create problems and raise unnecessary doubts and objections in the implementation of projects at the time of giving technical sanctions. In order to avoid the decentralised planning, implementation has to be institutionalized.

10.2 The State could emerge as a plantation based food products exporter through value addition. Its share in the country's total food products export is almost 20 per cent despite possessing limited land to the masses.

10.3 A mechanism has to be developed at the state level with the cooperation of the State Level Bankers Committee and made applicable to all the Banks functioning in the State so as to enable them to extend their technical expertise in preparing bankable projects for the Local Bodies and make available the financial assistance to the beneficiaries of the projects so prepared and included in the plan of local bodies.

10.4 The power charges for small scale industries may be fixed in parity with domestic connection. At least in the infant stage some concessions on power charges may be given. Moreover steps may be taken to avail of electric connection to small scale industries within a short time frame.

10.5 Sufficient training may be given to entrepreneurs to sustain in the modern set up. Moreover it will create quality entrepreneurs.

10.6 Efforts should be taken to improve the quality of service rendered by Government Officials in Kerala. They must act as a motivating force for the entrepreneurs who are on the way to new ventures.

10.7 Skilled labour available in the country may be utilized properly by engaging them in different units on an hourly basis. Since it is unaffordable for small units to employ technicians, it can be shared by small units.

10.8 Out worker production system should be organized by Kudumbasree at the local level. The district level arrangements by the Kudumbasree will accelerate this process.

10.9 Kudumbasree is a large organization with grass root base in all grama panchayats. Hence network marketing can be implemented successfully through Kudumbasree. The system can be organized at the state level.

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